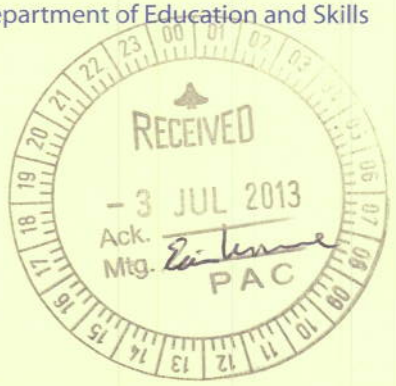
PAC-R-1011

Correspondence 3A.6
Meeting 92 – 18/07/2013

Oifig an Ard-Rúnaí
An Roinn Oideachais agus Scileanna

AN ROINN OIDEACHAIS AGUS SCILEANNA | DEPARTMENT OF EDUCATION AND SKILLS

Office of the Secretary General
Department of Education and Skills



Ms Niamh Maguire
Committee of Public Accounts
Houses of the Oireachtas
Dáil Éireann
Dublin 2

Ref No: S1210039
PLEASE QUOTE REFERENCE ON ALL CORRESPONDENCE

1 July 2013

Dear Ms Maguire

I refer to your letter of 26th May 2013 seeking an update on issues at Waterford Institute of Technology (WIT) concerning the expenses of the office of the former President and the Inspectors Report into the relationship between the Institute and companies providing campus services to it.

Expenses of the Office of former President

WIT has now written to the Higher Education Authority (HEA) in relation to the issues concerning the expenses incurred by the office of the former President of the Institute. The Institute, in accepting that the level of spending was inappropriate and that serious breaches of controls occurred over the period, has outlined the steps which is now being undertaken to address the deficiencies identified (copy of the letter from WIT to the HEA is attached for your information).

Quigley Report

The Report by Mr Dermot Quigley which was commissioned by the Minister to look into the relationship between WIT and companies providing campus services to the Institute has now been completed and presented to the Minister. It is to be considered by Government in advance of publication and forwarding to the Public Accounts Committee.

If you require anything further do not hesitate to contact my office.

Yours sincerely

Seán Ó Foghlú
Secretary General

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Office of the President

27th June 2013

Mr Tom Boland,
CEO, Higher Education Authority,
Brooklawn House, Crampton Avenue,
Shelbourne Road, Dublin 4.

Dear Tom,

Further to your letter of 31st May 2013, the following provides the Governing Body response to your queries:

Overall governance and controls in the relevant period

In relation to the expenditure in the Office of the President in this period and the associated governance and financial controls; the Governing Body is of the view that there were serious breaches of the controls typified by the level of expenditure in areas such as hospitality and taxis.

Specific deficiencies identified include:

- Breaches of Institute policies such as hospitality, travel and credit card usage;
- Lack of an appropriate co-authorisation process;
- Insufficient reporting in respect of expenditure;
- In some instances lack of appropriate tender processes;
- Inadequate review of expenditure both internally and externally.

The steps taken by the Institute to address the deficiencies include

- The budget of the Office of the President has been significantly reduced from a peak of €630K in 2008 to €140k in 2013, of this amount €125k relates to the Institute's contribution to IOTI in 2013;
- The budget of the Office of the President is approved by the Governing Body;
- The Institute's policies on hospitality, travel, credit card usage and mobile phones have been reviewed, updated and re-issued institute wide;
- WIT (internal) corporate cards have been withdrawn;
- An appropriate co-authorisation process has been introduced whereby all orders issued by the President's Office require co-authorisation and approval by the Secretary/Financial Controller;
- Expenditure in the President's Office is periodically reviewed by the Governing Body;
- Tendering processes are now used in cases where it is deemed appropriate;
- A complete review of expenditure in the Office of the President in the years 2007-2011 has been conducted with a view to identifying expenditure that could be deemed to be of personal benefit to the former President. A claim for re-imbursement has been forwarded to him;
- Foreign travel by the President is to be pre-approved;

- The Governing Body proposed the introduction of a whistle blower charter to facilitate disclosure of inappropriate expenditure in the future. This will require input and agreement at a national level.

The reasonableness, or otherwise, of the level of spending

The Governing Body believes that the level of expenditure incurred by the Office of the President was unreasonable and in many instances did not represent good value for money. The consistent breaching of procedures and lack of controls is also unacceptable. The failure of both internal and external systems to identify and flag this level and type of expenditure is also of concern to the Governing Body. Indeed, financial reporting to the Governing Body or Audit/Finance Committees did not at any stage give an indication of aberrant spending by the President.

Views in respect of the specific transactions relating to flights

The Governing Body believes that the specific transactions relating to flights were unnecessary and did not represent good value for money. The procurement and authorisation processes adopted were inappropriate and the information that was available regarding these flights was insufficient and inadequate.

Should you have any further queries please do not hesitate in contacting us.

Yours sincerely,

Dr. Donal Ormonde
Chairman

Dr. Ruaidhrí Neavyn
President